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INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 11 MONTHS OF 1983

Product	Nov. 1983	Jan.- Nov. 1983	%Jan.-Nov. 1983 over Jan. - Nov. 1982
Electricity (bil.kw.hrs)	127.0	1279.0	104.0
Petroleum (inc. gas con- densate) (mil.tons)	50.0	565.0	100.8
Natural gas (bil.cu.mtr)	46.7	487.0	107.0
Coal (mil. tons)	56.9	654.0	99.8
Steel (mil. tons)	12.6	140.0	103.0
Fertilizer (mil.tons)	2.5	27.1	110.0
Metal-cutting tools (mil. rubles)	176.0	2002.0	106.0
Robots(units)	0.7	9.4	191.0
Computer Tech. (bil.rubles)	0.3	2.9	112.0
Tractors (1000)	4.0	44.9	103.0
Paper (mil.tons)	0.5	5.2	104.0
Cement (mil.tons)	10.7	117.0	104.0

Meat (mil.tns)	0.9	8.4	109.0
Margarine (1000 tons)	0.1	1.3	104.0
Matches(mils.)	5.4	63.2	100.4
Radios(mils.)	0.8	8.4	105.0
Television sets (millions)	0.7	7.8	103.0
Automobiles (1000s)	0.1	1.2	101.0

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 11 MONTHS OF 1983

The most significant news about the publication of the November 1983 production figures in the Soviet Union is that petroleum production again declined. It is down by one million tons from November 1982. This follows a similar decline in October 1983 compared to 1982. This is the first time in several years that there has been a consecutive decline of two months. The total decline then is about 2.1 million tons from what it had been the previous year. However the results as a whole for the first 11 months show that petroleum production has still increased somewhat from the corresponding months of 1982. For the year as a whole production still is 5 million tons higher than it was earlier. That should carry the Soviets through December even if there is another decline in December, so that for the year as a whole production will exceed that of 1982, and that should allow them to come pretty close to fulfilling their target. The significant thing however is that decline in production is obviously something that must bother them and runs counter to the overall increase in production of most of the rest of their industrial commodities.

As it has been in the past, total coal production is down a bit, but that is only by

MID-CAREER TRAINING IN SOVIET STUDIES

Included in this Newsletter is an announcement of our program for Mid-Career Training in Soviet Studies for government and private sector specialists. We are now in the second year of our program, and we are quite pleased with the way it has evolved. Anyone interested in increasing his** competence in the field of Soviet studies should write:

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CURRENCY FIGURES

Rubles Purchased per 100	Dec. 1982	Nov. 1983	Dec. 1983
Austrian shilling	4.21	4.12	4.09
U.K. pound	117.20	115.18	112.70
W. German mark	29.70	29.01	28.73
U.S. dollar	72.30	77.45	79.25
French franc	10.47	9.53	9.41
Japanese yen	.297	.330	.337
Italian lira	.051	.048	.048
Swiss franc	34.87	35.86	35.86

CURRENCY FIGURES: The currency exchange rates released by Gosplan for December 1983 reveal that only the U.S. dollar and the Japanese yen have shown improvement during the last month, while the Italian lira and the Swiss franc have remained the same. The same trend is seen over the last year, with all currencies having decreased in value except for the dollar, the yen and the Swiss franc.

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE FOR THE THIRD QUARTER OF 1983

The trade figures between the Soviet Union and its East European allies indicate that the trend of making the Poles pay for more of their imports continues. The Soviet balance of trade with Poland fell from a trade surplus of 1.2 billion rubles in 1981 to about 400 million rubles. Overall the Soviets continue to maintain a trade surplus with Eastern Europe although it is diminishing in size. That is in accord with Soviet policy. They are not mercantilistic in nature and therefore their goal is to have a trade balance rather than a trade surplus.

The countries of Romania and Hungary have a trade surplus with the Soviet Union. For Hungary it is a bit unusual although the difference is quite small, and largely not of significance.

(See Table on page 3).

INDUSTRIAL PRODUCTION FIGURES, continued....

1 million tons for the whole 11 months. The month of November 1983 compared to 1982, however, is down a bit more. There the drop is again 1 million tons. It's unlikely that there will be an increase in coal production for the whole year, but given the fact that production was falling so rapidly before, the Russians are probably happy with only a one million ton drop.

ARDEN HOUSE CONFERENCE TO BE HELD MARCH 23-25

The Arden House conference program is nearing completion. It should be sent out in mid-January. To give you some idea of what is in store, we already have a commitment from two Congressmen and before the program is completed we hope to be able to announce several Senators as well. Be sure to reserve time on your calendar for our 8th annual session.

We hope to inaugurate a new service with this issue of the Newsletter. We expect to be publishing on a regular basis the figures which were previously distributed by the Department of Commerce for US exports and imports with the Soviet Union and Eastern Europe. We are experimenting with the format, but we've enclosed the accompanying 2 tables. What is notable about the results so far is that while American imports from the Soviet Union seem to have risen this year compared to last year, the American exports are almost half of what they

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE
FOR THE THIRD QUARTER OF 1983

(in million rubles)

	<u>Exports from U.S.S.R.</u>			<u>Imports to U.S.S.R.</u>		
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Bulgaria	3225	3546	4141	2751	3245	3720
Czechoslovakia	3108	3728	4270	3060	3513	4018
GDR	4037	4587	4992	3861	4270	4879
Hungary	2445	2711	2951	2413	2710	2957
Poland	3667	3581	3868	2419	2882	3485
Romania	<u>1111</u>	<u>1013</u>	<u>1199</u>	<u>1237</u>	<u>1323</u>	<u>1280</u>
	17,593	19,166	21,421	15,741	17,933	20,339
Balance of Trade	+1852	+1283	+1082			

No real progress under Andropov

By Marshall I. Goldman

For Kremlinologists, this has been an exciting year. We have waited anxiously to see how, if at all, Yuri Andropov's style would differ from Leonid Brezhnev's.

Brezhnev seemed to be the perfect party secretary general. For him, it was party over performance. When a crony was incompetent or dishonest, Brezhnev seldom fired him. For Brezhnev, loyalty was more important than needless firings and administrative reshufflings.

Andropov, it was thought, would be more of an activist, a doer. He would bring back a sense of order and discipline, restructure the economy, break through the stalemate in international relations and set the Soviet Union moving again.

As the year comes to an end, it's time to ask if Andropov has lived up to expectations.

There is no doubt that under Andropov, order and discipline have been improved. The civilian police have been purged, and the KGB has been given a stronger and freer hand to root out corruption. They went right to work. For instance, the devious manager of Moscow's most elegant food store was sentenced to death for misappropriating and rechanneling hard-to-find delicacies. Similarly, Brezhnev's son-in-law, once the deputy minister of the interior, has been booted out of Moscow and reassigned to Murmansk — not exactly Siberia, but a reasonable facsimile.

Crackdown on dissidents

Andropov has also cracked down on dissidents and refuseniks. Overt forms of dissidence have all but disappeared. To be a dissident today is to risk police harassment, prison, psychiatric hospitalization or exile. But while some dissidents find themselves being thrown out of the country, the Jewish refuseniks, in particular, find themselves locked in. Emigration is the lowest it's been since the 1960s.

But is Andropov anything more than a policeman in a party secretary general's uniform? In other words, can he do anything else than exercise police powers? The evidence so far is not very encouraging.

The Andropov economic boom that developed earlier this year shows no sign of flowering into a meaningful economic reform. The increase in production seems the natural result of the increase in work discipline and better weather. The widely anticipated economic reforms that were awaited with great expectations, have brought instead, great disappointment. At one time, there had been talk of doing away or at least reducing the role of central planning and, instead, increasing the role of the market and even some private activity a la Hungary. Now the reforms that are to be introduced next week appear to be no reform at all. Central planning continues.

On the international scene, the results are similarly mixed. Political tensions in Poland have by no means disappeared, but there does seem to be less threat of explosion. Similarly, Sino-Soviet relations seem a little better. While there is no real love, there is less snarling now.

Growing power of the generals

On the negative side, Andropov seems as bogged down in Afghanistan as Brezhnev was, and he certainly must wonder what ever happened to his friend Yasser Arafat and how all those Soviet troops found their way to Syria. Indeed, as serious as his long-run economic problems are, he probably finds himself most distressed by the military doings of his generals. They seem to have become more and more assertive and not necessarily in ways that have served Soviet interests.

The destruction of the Korean Air Lines Flight 007 stands as the best example of the Soviet military running amok. Nor, upon reflection, was it wise for the Russians to have walked away from the various disarmament talks in Geneva and Vienna. Whatever the provocation, the likelihood is that world opinion will come to perceive that it is Moscow, not Washington, that is not even willing to talk. All of this will be difficult to explain away, particularly since comparable Soviet heavy missiles have long since been installed on the Soviet border and in Eastern Europe.

But Andropov's more serious problem is probably Andropov himself. If we are speculating about his successor, they must be doing the same thing in Moscow. Nor is all that reassuring when a trio headed by the chief of the Soviet general's staff, Marshal Nikolai V. Ogarkov is put forward in two extraordinary press conferences to explain Soviet policy. The medium becomes the message, and, whatever the fact, it begins to look more and more like the generals are taking over.

Andropov has done his country a disservice. By falling ill for a four-month stretch, particularly after his two-week disappearance in the late spring and a 1966 heart attack, he undoubtedly must inspire something less than vigor among Soviet officials. They are unlikely to be very venturesome when they must all be waiting for the next illness. But even an early death will not solve the leadership crisis. Andropov has been in power too briefly to set the stage for the next turnover. Thus, whether he lives or dies, Andropov has ill-served his country.

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NEW SERVICE, continued-----

were previously. These figures also reflect a very sharp drop in trade with the Soviet Union that occurred after the imposition of the grain embargo in 1980 after the invasion of Afghanistan. The drop in exports to Eastern Europe did not occur in 1980 but did in 1981, and probably reflects the very severe hard currency difficulties that those countries had at the time. We would welcome any suggestions you have about the proper format for this new statistical information.

CONFERENCE ON AGROBUSINESS IN THE SOVIET UNION-----

This is the last announcement we will be able to make about the forthcoming conference on Agrobusiness. We have enclosed what we anticipate will be the final version of the conference program. It contains a nice mix of business and academic specialists. In fact many of the leading grain dealers in the country will be on the panel and in addition they will be joined in the audience by many of their colleagues. Given the Soviet interest in the American grain and Andropov's emphasis on the new food program in the Soviet Union, it should make for a very interesting day.

U.S. IMPORTS FROM U.S.S.R. AND EASTERN EUROPE
BY PRINCIPALITY COMMODITY GROUPS: IN THOUSANDS OF DOLLARS; CUSTOMS VALUE BASIS

COMMODITY/COUNTRY	1976	1979	1980	1981	1982	JANUARY-SEPTEMBER--	
						1982	1983
FOOD AND FEED:							
USSR-----	1,702	1,003	1,014	2,673	5,336	4,001	10,335
BULGARIA-----	1,042	1,534	1,044	2,014	1,007	1,373	1,595
CZECHOSLOVAKIA-----	4,493	6,714	9,242	10,049	11,237	8,174	9,168
GER-----	324	248	172	418	538	435	591
HUNGARY-----	31,275	33,615	27,775	29,615	29,642	20,085	20,478
POLAND-----	151,004	148,044	159,198	113,124	75,634	53,440	77,297
ROMANIA-----	27,854	30,747	26,469	24,588	15,066	12,158	11,019
FUELS:							
USSR-----	43,642	16,114	11,232	106,795	10,356	10,356	49,017
BULGARIA-----	0	0	1	0	0	0	0
CZECHOSLOVAKIA-----	0	0	0	0	159	359	0
GER-----	924	470	1,037	1,195	9,439	4,014	1,020
POLAND-----	19,744	20,838	9,542	1,039	1/	0	0
ROMANIA-----	94,447	55,146	44,083	149,124	89,635	89,635	185,908
CHEMICALS:							
USSR-----	34,839	67,626	148,034	43,599	117,387	10,493	99,383
BULGARIA-----	856	1,357	493	856	1,464	1,287	883
CZECHOSLOVAKIA-----	1,599	1,237	1,512	1,512	4,003	923	2,003
GER-----	7,059	4,185	5,292	5,101	5,141	5,231	6,347
HUNGARY-----	5,735	9,255	5,751	6,042	6,058	4,084	9,021
POLAND-----	21,382	22,634	23,374	15,753	6,237	6,494	9,145
ROMANIA-----	9,137	7,473	18,445	6,705	6,493	6,493	13,739
MANUFACTURED GOODS:							
USSR-----	105,651	197,727	159,100	105,488	71,187	57,356	71,780
BULGARIA-----	2,097	5,409	5,145	3,700	2,014	2,132	1,195
CZECHOSLOVAKIA-----	49,384	40,112	48,980	53,201	43,113	34,359	34,894
GER-----	22,612	26,118	32,040	36,984	32,677	25,371	31,294
HUNGARY-----	31,008	66,143	66,122	66,448	92,098	70,472	75,572
POLAND-----	235,194	204,433	217,368	222,136	121,532	91,588	54,582
ROMANIA-----	201,914	222,348	217,456	370,335	228,377	143,151	151,106
OTHER:							
USSR-----	341,035	540,340	111,064	48,937	20,707	10,130	21,057
BULGARIA-----	23,074	21,040	15,761	19,032	18,039	13,911	23,107
CZECHOSLOVAKIA-----	1,679	1,431	2,444	2,444	2,255	2,255	2,107
GER-----	3,899	4,144	3,037	1,003	2,964	2,972	1,252
HUNGARY-----	1,143	2,617	2,550	4,134	6,538	3,354	5,036
POLAND-----	8,224	6,116	5,502	7,005	5,902	5,902	3,662
ROMANIA-----	11,175	13,297	11,109	8,725	5,483	6,072	6,374
TOTAL:							
USSR-----	529,669	872,049	431,204	357,424	224,792	179,117	232,232
BULGARIA-----	27,009	10,105	22,005	24,600	23,124	18,426	26,608
CZECHOSLOVAKIA-----	57,359	49,895	61,102	67,232	61,548	46,142	47,051
GER-----	35,228	43,666	42,954	46,702	51,773	43,348	40,504
HUNGARY-----	69,053	117,429	104,250	107,939	133,234	97,994	110,106
POLAND-----	435,447	476,058	444,910	359,434	212,044	157,730	144,685
ROMANIA-----	344,561	329,051	310,461	559,449	339,121	244,444	367,026

1/ VALUE OR QUANTITY LESS THAN 0.5.

**US EXPORTS TO USSR AND EASTERN EUROPE
BY PRINCIPAL COMMODITY GROUPS: U.S. DOMESTIC EXPORTS
(IN THOUSANDS OF DOLLARS F.O.B. VALUE BASIS)**

Commodity/Country	1970	1979	1980	1981	1982	JANUARY-SEPTEMBER--	
						1982	1983
PROD AND PREM:							
USSR-----	2,499,813	2,282,987	971,794	1,688,148	1,642,161	1,456,988	638,188
EASTERN EUROPE-----	788,717	1,258,977	1,516,058	1,372,971	974,670	378,945	223,737
FUELS:							
USSR-----	38,162	23,936	26,473	62,408	98,813	81,835	18,782
EASTERN EUROPE-----	32,797	35,621	81,757	41,187	17,399	17,384	18,681
CHIEF CEREALS:							
USSR-----	38,874	119,074	31,448	188,220	287,866	191,493	175,848
EASTERN EUROPE-----	32,517	67,169	58,123	78,417	79,194	78,962	56,635
MANUFACTURED GOODS:							
USSR-----	395,588	928,843	392,133	379,857	318,548	239,137	193,422
EASTERN EUROPE-----	291,086	257,612	382,064	179,594	166,524	125,431	184,499
OTHER:							
USSR-----	294,888	641,881	87,816	114,562	258,487	251,824	168,231
EASTERN EUROPE-----	278,633	476,488	374,538	224,939	258,688	191,549	272,388
TOTAL:							
USSR-----	2,249,838	3,683,821	1,489,747	2,338,818	2,385,975	2,288,714	1,194,882
EASTERN EUROPE-----	1,015,778	2,056,187	2,332,933	1,498,829	996,197	748,270	647,932

SOURCE: COMPILED FROM OFFICIAL STATISTICS OF THE U.S. DEPARTMENT OF COMMERCE.